

VAN BUREN COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2008

Contents

	<u>Page</u>
Officials	1
Independent Auditor's Report	2-3
Management's Discussion and Analysis (MD&A)	4-12
Basic Financial Statements:	<u>Exhibit</u>
Government-Wide Financial Statements:	
Statement of Net Assets	A 13
Statement of Activities	B 14
Governmental Fund Financial Statements:	
Balance Sheet	C 15
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D 16
Statement of Revenues, Expenditures and Changes in Fund Balances	E 17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F 18
Proprietary Fund Financial Statements:	
Statement of Net Assets	G 19
Statement of Revenues, Expenses and Changes in Fund Net Assets	H 20
Statement of Cash Flows	I 21
Notes to Financial Statements	22-31
Required Supplementary Information:	
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund	32
Notes to Required Supplementary Information - Budgetary Reporting	33
Other Supplementary Information:	<u>Schedule</u>
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	1 34
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	2 35
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3 36-37
Schedule of Revenues by Source and Expenditures by Function - All Governmental Fund Types	4 38
Schedule of Expenditures of Federal Awards	5 39-40
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	41-42
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	43-44
Schedule of Findings and Questioned Costs	45-50

Van Buren Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2007 election)		
Tony Huffman	President	2007
Dixie Daugherty	Vice President	2007
Tim Blair	Board Member	2008
Sheila Parsons	Board Member	2008
Dale Hornberg	Board Member	2009
Terry Jester	Board Member	2009
Brian Starnes	Board Member	2009
Board of Education		
(After September 2007 election)		
Tony Huffman	President	2010
Terry Jester	Vice President	2009
Tim Blair	Board Member (Resigned)	2008
Kara McEntee	Board Member (Appointed)	2008
Sheila Parsons	Board Member	2008
Dale Hornberg	Board Member	2009
Brian Starnes	Board Member	2009
Stan Whitten	Board Member	2010
School Officials		
Dr. Karen Stinson	Superintendent	2008
Robyn Nolting	Board Secretary	2008
Janet Phelps	Board Treasurer	2008
Danielle Hainfield	Attorney	2008

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Van Buren Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Van Buren Community School District, Keosauqua, Iowa as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Van Buren Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

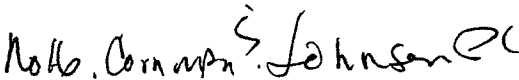
In accordance with Government Auditing Standards, we have also issued our report dated February 12, 2009, on our consideration of the Van Buren Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 32 through 33 are not required parts of the basic financial statements, but are supplementary

Member American Institute & Iowa Society of Certified Public Accountants

information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Van Buren Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007 (which is not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

February 12, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Van Buren Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$8,254,232 in fiscal 2007 to \$8,559,322 in fiscal 2008, while General Fund expenditures increased from \$8,528,337 in fiscal 2007 to \$8,565,906 in fiscal 2008. This resulted in a decrease in the District's General Fund balance from \$1,442,199 in fiscal 2007 to a balance of \$1,435,615 in fiscal 2008, a .46% decrease from the prior year.
- The increase in General Fund revenues was attributable to an increase in state sources in fiscal 2008. The increase in expenditures was due primarily to an increase in the instruction function.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Van Buren Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Van Buren Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Van Buren Community School District acts solely as an agent or custodial for the benefit of those outside of the School District.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds. In addition, the Schedule of Expenditures of Federal Awards provides detail of various programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Van Buren Community School District Annual Financial Report

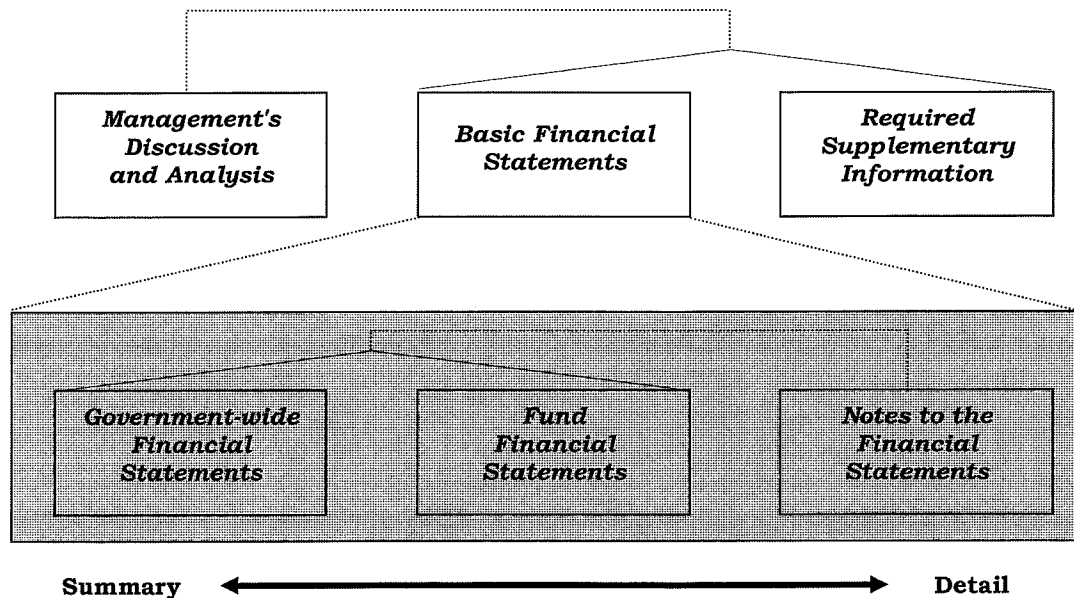


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Capital Projects Fund and the Debt Service Fund.

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has two enterprise funds, the School Nutrition Fund, and the Day Care Fund.

The required financial statements for the proprietary funds include a statement of revenues, expenses and changes in net assets and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2008 compared to June 30, 2007.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2008	2007	2008	2007	2008	2007	2007-08
Current and other assets	\$ 6,592,324	6,253,462	32,023	60,598	6,624,347	6,314,060	4.91%
Capital assets	7,899,467	8,067,106	23,217	28,707	7,922,684	8,095,813	-2.14%
Total assets	14,491,791	14,320,568	55,240	89,305	14,547,031	14,409,873	0.95%
Long-term obligations	1,745,000	1,935,000	0	0	1,745,000	1,935,000	-9.82%
Other liabilities	3,272,956	3,299,768	30,763	35,661	3,303,719	3,335,429	-0.95%
Total liabilities	5,017,956	5,234,768	30,763	35,661	5,048,719	5,270,429	-4.21%
Net assets:							
Invested in capital assets, net of related debt	6,154,467	6,132,106	23,217	28,707	6,177,684	6,160,813	0.27%
Restricted	1,719,273	1,333,410	0	0	1,719,273	1,333,410	28.94%
Unrestricted	1,600,095	1,620,284	1,260	24,937	1,601,355	1,645,221	-2.67%
Total net assets	\$ 9,473,835	9,085,800	24,477	53,644	9,498,312	9,139,444	3.93%

The District's combined net assets increased by 3.93%, or \$358,868, over the prior year. The largest portion of the District's net assets is the invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$385,863, or 28.94% over the prior year. The increase was primarily a result of the increased fund balances in the Debt Service and Capital Projects Funds.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$43,866, or 2.67%. This decrease is due to the decrease in net assets in the Enterprise, School Nutrition Fund.

Figure A-4 shows the changes in net assets for the year ended June 30, 2008 compared to June 30, 2007.

Figure A-4
Changes of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2008	2007	2008	2007	2008	2007	2007-08
Revenues and Transfers:							
Program revenues:							
Charges for services	\$ 418,712	383,892	253,800	247,742	672,512	631,634	6.47%
Operating grants and contributions and restricted interest	2,568,850	2,338,183	196,970	170,224	2,765,820	2,508,407	10.26%
Capital grants and contributions and restricted interest	20,000	179,061	0	0	20,000	179,061	-88.83%
General revenues:							
Property tax	2,424,403	2,466,874	0	0	2,424,403	2,466,874	-1.72%
Income surtax	271,394	278,933	0	0	271,394	278,933	-2.70%
Local option sales and services tax	430,621	444,904	0	0	430,621	444,904	-3.21%
Unrestricted state grants	3,292,999	3,310,471	0	0	3,292,999	3,310,471	-0.53%
Unrestricted investment earnings	109,779	123,047	755	949	110,534	123,996	-10.86%
Other	87,575	49,363	0	0	87,575	49,363	77.41%
Transfers	(60,323)	(281,343)	60,323	281,343	0	0	0.00%
Total revenues and transfers	9,564,010	9,293,385	511,848	700,258	10,075,858	9,993,643	0.82%
Program expenses:							
Governmental activities:							
Instruction	5,381,528	4,857,484	0	0	5,381,528	4,857,484	10.79%
Support services	3,279,241	3,477,412	180,180	14,684	3,459,421	3,492,096	-0.94%
Non-instructional programs	5,320	647	360,835	548,155	366,155	548,802	-33.28%
Other expenses	509,886	494,292	0	0	509,886	494,292	3.15%
Total expenses	9,175,975	8,829,835	541,015	562,839	9,716,990	9,392,674	3.45%
Changes in net assets	388,035	463,550	(29,167)	137,419	358,868	600,969	-40.29%
Beginning net assets	9,085,800	8,622,250	53,644	(83,775)	9,139,444	8,538,475	7.04%
Ending net assets	\$ 9,473,835	9,085,800	24,477	53,644	9,498,312	9,139,444	3.93%

In fiscal 2008, property tax, income surtax, local option sales and services tax and unrestricted state grants account for 67.12% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 88.07% of the revenue from business type activities.

The District's total revenues were approximately \$10.1 million of which \$9.6 million was for governmental activities and more than \$.5 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a .82% increase in revenues and a 3.45% increase in expenses. The increase in expenses related to the increase in negotiated salaries and benefits, utility costs and transportation costs.

Governmental Activities

Revenues and transfers out for governmental activities were \$9,564,010 and expenses were \$9,175,975.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services				Net Cost of Services		
	#			Change			Change
		2008	2007	2007-08	2008	2007	2007-08
Instruction	\$	5,381,528	4,857,484	10.79%	2,655,948	2,391,101	11.08%
Support services		3,279,241	3,477,412	-5.70%	3,254,817	3,287,964	-1.01%
Non-instructional		5,320	647	722.26%	5,320	647	722.26%
Other expenses		509,886	494,292	3.15%	252,328	248,987	1.34%
Totals	\$	9,175,975	8,829,835	3.92%	6,168,413	5,928,699	4.04%

- The cost financed by users of the District's programs was \$418,712.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,588,850.
- The net cost of governmental activities was financed with \$2,424,403 in property tax, \$271,394 in income surtax \$430,621 in local option sales and services tax, \$3,292,999 in unrestricted state grants, \$109,779 in interest income and \$87,575 in other general revenue.

Business-Type Activities

Revenues and transfers in of the District's business-type activities were \$511,848 and expenses were \$541,015. The District's business-type activities include the School Nutrition Fund and the Day Care Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and interest income.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Van Buren Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$3,098,945, above last year's ending fund balance of a \$2,735,543. The increase was due primarily to the increase in the Capital Projects Fund.

Governmental Fund Highlights

- The District's General Fund financial position is the product of many factors. Growth during the year in state sources resulted in an increase in revenues. However, along with the increase in revenues, the General Fund also had an increase in expenditures. The increase in expenditures was greater than the increase in revenues causing the fund balance to decrease. The General Fund balance decreased from \$1,442,199 in fiscal year 2007 to \$1,435,615 in fiscal year 2008. In addition, the District transferred \$60,323 to support the Day Care Fund.
- The Capital Projects Fund balance was utilized for the collection of local option sales and services tax. The District makes transfers to the Debt Service to provide debt relief in repayment of the General Obligation Bonds. The Capital Projects balance increased from \$598,380 in fiscal year 2007 to \$748,811 in fiscal year 2008.
- The Debt Service Fund balance was utilized for the payments of principal and interest on bonds. Due to the bond requirements the District is required to create an escrow at Bank

America that will be used to payoff the Qualified Zone Academy Bond. The Debt Service balance increased from \$452,904 in fiscal year 2007 to \$544,413 in fiscal year 2008, due to the increase in the escrow reserve and the increase local option sales and services tax relief provided to fund debt repayments.

Proprietary Fund Highlights

The School Nutrition Fund net assets decreased from \$53,664 at June 30, 2007 to \$24,477 at June 30, 2008, representing a decrease of 54.37%.

The Day Care Fund net assets remained at a balance of \$0 at June 30, 2007 and \$0 at June 30, 2008. The General Fund transferred \$60,323 at year end to adjust the ending Day Care Fund balance to \$0.

BUDGETARY HIGHLIGHTS

The District's revenues were \$282,290 less than budgeted revenue, a variance of 2.73%. The most significant variance resulted from the District receiving less in local sources than originally anticipated.

Total expenditures were less than budgeted, primarily due to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had invested \$7,922,684, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net decrease of 2.19% from last year. More detailed information about capital assets is available in Note 4 to the financial statements. Depreciation expense for the year was \$299,361.

The original cost of the District's capital assets was \$11,054,434. Governmental funds account for \$10,946,952 with the remainder of \$107,482 in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the buildings category. The District's buildings totaled \$7,359,789 at June 30, 2008, compared to \$7,535,085 reported at June 30, 2007. This decrease resulted from current year depreciation expense.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2008	2007	2008	2007	2008	2007	2007-08
Land	\$ 38,811	39,311	0	0	38,811	39,311	-1.29%
Buildings	7,359,789	7,535,085	0	0	7,359,789	7,535,085	-2.38%
Land improvements	112,195	105,414	0	0	112,195	105,414	6.04%
Machinery and equipment	388,672	387,296	23,217	28,707	411,889	416,003	-1.00%
Total	\$ 7,899,467	8,067,106	23,217	28,707	7,922,684	8,095,813	-2.19%

Long-Term Debt

At June 30, 2008, the District had \$1,745,000 in general obligation and other long-term debt outstanding. This represents a decrease of 9.82% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District had outstanding general obligation bonds of \$1,245,000 at June 30, 2008.

The District had outstanding qualified zone academy bonds of \$500,000 at June 30, 2008.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total
	2008	2007	Change
General obligation bonds	\$ 1,245,000	1,435,000	-13.24%
Qualified zone academy bonds	500,000	500,000	0.00%
Totals	<u>\$ 1,745,000</u>	<u>1,935,000</u>	<u>-9.82%</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The upcoming Iowa legislative session could again prove to be most challenging in respect to the state budget. The impact of state reductions to education is an unknown that we must be ready to address and compensate.
- The District receives a large amount of federal and state monies through grants. The grants have to be approved and their continuation depends on federal and state funding.
- The District has experienced reduced enrollment for the last few years, cutting state aid to the District.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Robyn Nolting, Board Secretary/Business Manager, Van Buren Community School District, 503 Henry Street, Keosauqua, Iowa, 52565.

BASIC FINANCIAL STATEMENTS

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,997,724	21,086	3,018,810
Receivables			
Property tax:			
Delinquent	65,909	0	65,909
Succeeding year	2,523,899	0	2,523,899
Income surtax	228,460	0	228,460
Accounts	2,903	0	2,903
Due from other governments	773,429	581	774,010
Inventories	0	10,356	10,356
Capital assets, net of accumulated depreciation (Note 4)	7,899,467	23,217	7,922,684
TOTAL ASSETS	14,491,791	55,240	14,547,031
LIABILITIES			
Accounts payable	47,040	832	47,872
Salaries and benefits payable	676,733	25,243	701,976
Accrued interest payable	8,037	0	8,037
Deferred revenue:			
Succeeding year property tax	2,523,899	0	2,523,899
Other	17,247	0	17,247
Unearned revenue	0	4,688	4,688
Long-term liabilities (Note 5):			
Portion due within one year:			
General obligation bonds payable	235,000	0	235,000
Portion due after one year:			
General obligation bonds payable	1,010,000	0	1,010,000
Qualified zone academy bonds	500,000	0	500,000
TOTAL LIABILITIES	5,017,956	30,763	5,048,719
NET ASSETS			
Invested in capital assets, net of related debt	6,154,467	23,217	6,177,684
Restricted for:			
Debt service	544,413	0	544,413
Talented and gifted	26,759	0	26,759
Beginning teacher mentoring program	716	0	716
Market factor	940	0	940
Supplemental services	3,004	0	3,004
Professional development	18,837	0	18,837
Market factor incentives	5,687	0	5,687
Capital projects	748,811	0	748,811
Management levy	130,763	0	130,763
Physical plant and equipment levy	213,224	0	213,224
Playground equipment replacement levy	2,430	0	2,430
Other special revenue purposes	23,689	0	23,689
Unrestricted	1,600,095	1,260	1,601,355
TOTAL NET ASSETS	\$ 9,473,835	24,477	9,498,312

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular instruction	\$ 3,342,764	205,535	2,257,715	0	(879,514)	0
Special instruction	1,056,026	21,560	49,153	0	(985,313)	0
Other instruction	982,738	191,617	0	0	(791,121)	0
	5,381,528	418,712	2,306,868	0	(2,655,948)	0
Support services:						
Student services	421,877	0	0	0	(421,877)	0
Instructional staff services	327,129	0	0	0	(327,129)	0
Administration services	1,061,929	0	0	0	(1,061,929)	0
Operation and maintenance of plant services	775,980	0	0	20,000	(755,980)	0
Transportation services	692,326	0	4,424	0	(687,902)	0
	3,279,241	0	4,424	20,000	(3,254,817)	0
Non-instructional programs:						
Other enterprise operations	4,507	0	0	0	(4,507)	0
Community service operations	813	0	0	0	(813)	0
	5,320	0	0	0	(5,320)	0
Other expenditures:						
Long-term debt interest	73,025	0	0	0	(73,025)	0
AEA flowthrough	257,558	0	257,558	0	0	0
Depreciation(unallocated)*	179,303	0	0	0	(179,303)	0
	509,886	0	257,558	0	(252,328)	0
Total governmental activities	9,175,975	418,712	2,568,850	20,000	(6,168,413)	0
Business-type activities:						
Support services:						
Administration services	166,412	108,586	44,298	0	0	(13,528)
Operation and maintenance of plant services	13,768	0	0	0	0	(13,768)
	180,180	108,586	44,298	0	0	(27,296)
Non-instructional programs:						
Food service operations	360,835	145,214	152,672	0	0	(62,949)
	360,835	145,214	152,672	0	0	(62,949)
Total business-type activities	541,015	253,800	196,970	0	0	(90,245)
Total	\$ 9,716,990	672,512	2,765,820	20,000	(6,168,413)	(90,245)
General Revenues and Transfers:						
General Revenues:						
Property tax levied for:						
General purposes				\$ 2,263,279	0	2,263,279
Debt service				7,356	0	7,356
Capital outlay				153,768	0	153,768
Income surtax				271,394	0	271,394
Local option sales and services tax				430,621	0	430,621
Unrestricted state grants				3,292,999	0	3,292,999
Unrestricted investment earnings				109,779	755	110,534
Other general revenues				87,575	0	87,575
Transfers				(60,323)	60,323	0
Total general revenues and transfers				6,556,448	61,078	6,617,526
Changes in net assets				388,035	(29,167)	358,868
Net assets beginning of year				9,085,800	53,644	9,139,444
Net assets end of year				\$ 9,473,835	24,477	9,498,312

* This amount excludes the depreciation that is included in the direct expense of various programs.

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	Capital Projects	Debt Service	Nonmajor Special Revenue Funds	Total
ASSETS					
Cash and pooled investments	\$ 1,539,310	551,714	544,215	362,485	2,997,724
Receivables:					
Property tax:					
Delinquent	56,130	0	198	9,581	65,909
Succeeding year	2,202,747	0	4,624	316,528	2,523,899
Income surtax	228,460	0	0	0	228,460
Accounts	2,903	0	0	0	2,903
Due from other governments	576,332	197,097	0	0	773,429
TOTAL ASSETS	\$ 4,605,882	748,811	549,037	688,594	6,592,324
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 45,080	0	0	1,960	47,040
Salaries and benefits payable	676,733	0	0	0	676,733
Deferred revenue:					
Succeeding year property tax	2,202,747	0	4,624	316,528	2,523,899
Income surtax	228,460	0	0	0	228,460
Other	17,247	0	0	0	17,247
Total liabilities	3,170,267	0	4,624	318,488	3,493,379
Fund balances:					
Reserved for:					
Debt service	0	0	544,413	0	544,413
Talented and gifted	26,759	0	0	0	26,759
Beginning teacher mentoring program	716	0	0	0	716
Market factor	940	0	0	0	940
Supplemental services	3,004	0	0	0	3,004
Professional development	18,837	0	0	0	18,837
Market factor incentives	5,687	0	0	0	5,687
Unreserved:					
Undesignated	1,379,672	748,811	0	370,106	2,498,589
Total fund balances	1,435,615	748,811	544,413	370,106	3,098,945
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,605,882	748,811	549,037	688,594	6,592,324

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2008

Total fund balances of governmental funds (page 15) \$ 3,098,945

*Amounts reported for governmental activities in the
 statement of net assets are different because:*

Capital assets used in governmental activities are not
 financial resources and, therefore, are not reported as
 assets in in the governmental funds. 7,899,467

Accounts receivable income surtax, are not yet available
 to finance expenditures of the current fiscal period. 228,460

Accrued interest payable on long-term liabilities is not
 due and payable in the current period and, therefore, is not
 reported as a liability in the governmental funds. (8,037)

Long-term liabilities, including bonds payable and
 qualified zone academy bonds payable are not due and
 payable in the current period and, therefore, are
 not reported in the funds. (1,745,000)

Net assets of governmental activites (page 13) \$ 9,473,835

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	General	Capital Projects	Debt Service	Nonmajor Special Revenue Funds	Total
REVENUES:					
Local sources:					
Local tax	\$ 2,334,741	430,621	7,356	353,700	3,126,418
Tuition	222,799	0	0	0	222,799
Other	159,095	21,188	18,858	235,833	434,974
State sources	4,305,337	0	0	0	4,305,337
Federal sources	1,534,805	0	0	0	1,534,805
Total revenues	8,556,777	451,809	26,214	589,533	9,624,333
EXPENDITURES:					
Current:					
Instruction:					
Regular instruction	3,340,406	0	0	0	3,340,406
Special instruction	1,056,026	0	0	0	1,056,026
Other instruction	778,573	0	0	204,165	982,738
	5,175,005	0	0	204,165	5,379,170
Support services:					
Student services	421,877	0	0	0	421,877
Instructional staff services	327,129	0	0	0	327,129
Administration services	1,090,708	0	0	60,183	1,150,891
Operation and maintenance of plant services	632,953	0	0	60,739	693,692
Transportation services	595,033	0	0	17,338	612,371
	3,067,700	0	0	138,260	3,205,960
Non-instructional programs:					
Other enterprise operations	4,507	0	0	0	4,507
Community service operations	813	0	0	0	813
	5,320	0	0	0	5,320
Other expenditures:					
Facilities acquisitions	0	0	0	101,364	101,364
Long-term debt:					
Principal	0	0	215,000	0	215,000
Interest and fiscal charges	0	0	58,967	0	58,967
AEA flowthrough	257,558	0	0	0	257,558
	257,558	0	273,967	101,364	632,889
Total expenditures	8,505,583	0	273,967	443,789	9,223,339
Excess(deficiency) of revenues over(under) expenditures	51,194	451,809	(247,753)	145,744	400,994
Other financing sources(uses):					
Issuance of refunding bonds	0	0	1,080,000	0	1,080,000
Premium on the issuance of bonds	0	0	5,500	0	5,500
Payment to escrow agent	0	0	(1,055,000)	0	(1,055,000)
Discount on bonds sold	0	0	(14,580)	0	(14,580)
Cost of issuance on debt issued	0	0	(7,250)	0	(7,250)
Proceeds from the disposal of property	1,375	0	0	12,686	14,061
Transfers in	1,170	0	330,592	0	331,762
Transfers out	(60,323)	(301,378)	0	(30,384)	(392,085)
Total other financing sources(uses)	(57,778)	(301,378)	339,262	(17,698)	(37,592)
Net change in fund balances	(6,584)	150,431	91,509	128,046	363,402
Fund balance beginning of year	1,442,199	598,380	452,904	242,060	2,735,543
Fund balance end of year	\$ 1,435,615	748,811	544,413	370,106	3,098,945

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2008

Net change in fund balances - total governmental funds(page 17) \$ 363,402

*Amounts reported for governmental activities in the
 statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays, depreciation expense and loss on disposal of capital assets in the year are as follows:

Capital outlays	\$ 158,774	
Depreciation expense	(293,871)	
Loss on disposal of capital assets	(32,542)	(167,639)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities in an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows:

Issued	\$ (1,080,000)	
Repaid	1,270,000	190,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

2,272

Changes in net assets of governmental activities(page 14) \$ 388,035

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Enterprise Funds		
	School Nutrition	Day Care	Total
ASSETS			
Cash and pooled investments	\$ 17,179	3,907	21,086
Due from other governments	55	526	581
Inventories	10,356	0	10,356
Capital assets, net of accumulated depreciation (Note 4)	23,217	0	23,217
Total assets	50,807	4,433	55,240
LIABILITIES			
Accounts payable	0	832	832
Salaries and benefits payable	21,642	3,601	25,243
Unearned revenue	4,688	0	4,688
Total liabilities	26,330	4,433	30,763
NET ASSETS			
Invested in capital assets	23,217	0	23,217
Unrestricted	1,260	0	1,260
Total net assets	\$ 24,477	0	24,477

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	Enterprise Funds		
	School Nutrition	Day Care	Total
OPERATING REVENUE:			
Local sources:			
Charges for services	\$ 145,214	108,586	253,800
TOTAL OPERATING REVENUES	145,214	108,586	253,800
OPERATING EXPENSES:			
Support services:			
Administration services:			
Salaries	0	128,880	128,880
Benefits	0	18,523	18,523
Services	0	16,364	16,364
Supplies	0	2,398	2,398
Other	0	247	247
	0	166,412	166,412
Operation and maintenance of plant services:			
Services	0	4,213	4,213
Supplies	0	9,555	9,555
	0	13,768	13,768
Total support services	0	180,180	180,180
Non-instructional programs:			
Food service operations:			
Salaries	123,051	15,838	138,889
Benefits	16,909	2,267	19,176
Services	2,927	91	3,018
Supplies	179,431	14,831	194,262
Depreciation	5,490	0	5,490
	327,808	33,027	360,835
TOTAL OPERATING EXPENSES	327,808	213,207	541,015
OPERATING LOSS	(182,594)	(104,621)	(287,215)
NON-OPERATING REVENUES:			
Transfer in	0	60,323	60,323
State sources	3,916	0	3,916
Federal sources	148,756	44,298	193,054
Interest income	755	0	755
TOTAL NON-OPERATING REVENUES	153,427	104,621	258,048
Change in net assets	(29,167)	0	(29,167)
Net assets beginning of year	53,644	0	53,644
Net assets end of year	\$ 24,477	0	24,477

SEE NOTES TO FINANCIAL STATEMENTS.

VAN BUREN COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

(1) Summary of Significant Accounting Policies

The Van Buren Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the district either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Keosauqua, Stockport, Douds, Birmingham, Mount Sterling, Milton and Cantril, Iowa, and the predominate agricultural territory in Van Buren and Davis Counties. The district is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Van Buren Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Van Buren Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Van Buren and Davis County Assessors' Conference Boards.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues,

are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through enterprise funds.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's long-term debt.

The District reports the following proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and the Day Care Fund. The School Nutrition Fund is used to account for the food service operations of the District. The Day Care Fund is used to account for the day care operations of the District.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Balance

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the Government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and

reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery and equipment, are reported in the applicable governmental or business-type activities columns in the Government-wide statement of net assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,500
Buildings	1,500
Land improvements	1,500
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,000

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Machinery and equipment	5-20 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used

to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues are monies collected for student fees and lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The lunch account balances are reflected on the balance sheet in the Enterprise, School Nutrition Fund.

Long-term Liabilities - In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2008 were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the District or the District's agent in the District's name, or by multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States Government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2008, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified Portfolio	<u>\$ 714,060</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk. The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

(3) Transfers

The detail of transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Special Revenue, Physical Plant and Equipment Levy	\$ 29,214
Enterprise, Day Care	General	60,323
General	Special Revenue, Management Levy	1,170
Debt Service	Capital Projects	<u>301,378</u>
Total		<u>\$ 392,085</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2008 is as follows:

	Balance Beginning of of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 107,482	0	0	107,482
Less accumulated depreciation	78,775	5,490	0	84,265
Business-type activities capital assets, net	<u>\$ 28,707</u>	<u>(5,490)</u>	<u>0</u>	<u>23,217</u>

	Balance Beginning of of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 39,311	0	500	38,811
Total capital assets not being depreciated	39,311	0	500	38,811
Capital assets being depreciated:				
Buildings	8,977,412	27,410	62,521	8,942,301
Land improvements	119,376	13,420	0	132,796
Machinery and equipment	1,785,100	117,944	70,000	1,833,044
Total capital assets being depreciated	10,881,888	158,774	132,521	10,908,141
Less accumulated depreciation for:				
Buildings	1,442,327	172,664	32,479	1,582,512
Land improvements	13,962	6,639	0	20,601
Machinery and equipment	1,397,804	114,568	68,000	1,444,372
Total accumulated depreciation	2,854,093	293,871	100,479	3,047,485
Total capital assets being depreciated, net	8,027,795	(135,097)	32,042	7,860,656
Governmental activities capital assets, net	\$ 8,067,106	(135,097)	32,542	7,899,467

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular instruction	\$ 2,358
Support services:	
Administration	27,282
Operation of plant and maintenance	4,973
Transportation	79,955
Administration	114,568
Unallocated depreciation	179,303
Total governmental activities depreciation expense	\$ 293,871
Business-type activities:	
Food services	\$ 5,490
Total business-type activities depreciation expense	\$ 5,490

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 1,435,000	1,080,000	1,270,000	1,245,000	235,000
Qualified Zone Academy Bonds	500,000	0	0	500,000	0
Total	\$ 1,935,000	1,080,000	1,270,000	1,745,000	235,000

General Obligation Bonds Payable

Details of the District's June 30, 2008 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond issue dated April 3, 2008			Bond issue dated April 1, 2003			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2009	2.400 %	\$ 205,000	32,231	2.500 %	\$ 30,000	4,987	235,000	37,218	272,218
2010	2.600	210,000	24,985	2.750	30,000	4,237	240,000	29,222	269,222
2011	2.800	215,000	19,525	3.000	35,000	3,413	250,000	22,938	272,938
2012	2.950	220,000	13,505	3.250	35,000	2,363	255,000	15,868	270,868
2013	3.050	230,000	7,015	3.500	35,000	1,225	265,000	8,240	273,240
Total		\$ 1,080,000	97,261		\$ 165,000	16,225	\$ 1,245,000	113,486	1,358,486

Qualified Zone Academy Bonds

During the year ended June 30, 2002, the District issued zero interest Qualified Zone Academy Bonds (QZAB). Annual transfers from the Physical Plant and Equipment Levy (PPEL) fund to a debt sinking fund will be made to pay the indebtedness due January 31, 2016, of \$500,000.

(6) Advance Refunding

On April 3, 2008, the District issued \$1,080,000 to advance refunded \$1,050,000 of outstanding general obligation bonds dated February 25, 1998. This advance refunding was undertaken to reduce total debt service payments over the next five years by \$27,187. The net present value savings to the District for the advance refunding was \$32,151.

(7) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008. Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007 and 2006. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 was \$318,517, \$284,415 and \$266,571, respectfully, equal to the required contributions for the year.

(8) Risk Management

Van Buren Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$257,558 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

VAN BUREN COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2008

	Governmental	Proprietary	Total	Budgeted Amounts		Final to
	Fund Types	Fund Type	Actual	Original	Final	Actual
	Actual	Actual	Actual	Original	Final	Variance -
						Positive
						(Negative)
Revenues:						
Local sources	\$ 3,784,191	254,555	4,038,746	4,504,904	4,504,904	(466,158)
State sources	4,305,337	3,916	4,309,253	4,173,244	4,173,244	136,009
Federal sources	1,534,805	193,054	1,727,859	1,680,000	1,680,000	47,859
Total revenues	9,624,333	451,525	10,075,858	10,358,148	10,358,148	(282,290)
Expenditures:						
Instruction	5,379,170	0	5,379,170	5,871,125	5,871,125	491,955
Support services	3,205,960	180,180	3,386,140	4,745,000	4,745,000	1,358,860
Non-instructional programs	5,320	360,835	366,155	727,182	727,182	361,027
Other expenditures	632,889	0	632,889	1,798,409	1,798,409	1,165,520
Total expenditures	9,223,339	541,015	9,764,354	13,141,716	13,141,716	3,377,362
Excess(deficiency) of revenues over(under) expenditures	400,994	(89,490)	311,504	(2,783,568)	(2,783,568)	(3,095,072)
Other financing sources(uses), net	(37,592)	60,323	22,731	1,000	1,000	(21,731)
Excess(deficiency) of revenues and other financing sources over(under) expenditures and other financing uses	363,402	(29,167)	334,235	(2,782,568)	(2,782,568)	(3,116,803)
Balance beginning of year	2,735,543	53,644	2,789,187	2,933,728	2,933,728	(144,541)
Balance end of year	\$ 3,098,945	24,477	3,123,422	151,160	151,160	2,972,262

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

OTHER SUPPLEMENTARY INFORMATION

VAN BUREN COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2008

	Nonmajor Special Revenue Funds				
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Public Education Recreation Levy	Total
ASSETS					
Cash and pooled investments	\$ 126,057	24,865	209,133	2,430	362,485
Receivables:					
Property tax:					
Current year delinquent	5,439	0	4,142	0	9,581
Succeeding year	155,000	0	161,528	0	316,528
TOTAL ASSETS	\$ 286,496	24,865	374,803	2,430	688,594
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 733	1,176	51	0	1,960
Deferred revenue:					
Succeeding year property tax	155,000	0	161,528	0	316,528
Total liabilities	155,733	1,176	161,579	0	318,488
Fund balances:					
Unreserved	130,763	23,689	213,224	2,430	370,106
Total fund balances	130,763	23,689	213,224	2,430	370,106
TOTAL LIABILITIES AND FUND BALANCES	\$ 286,496	24,865	374,803	2,430	688,594

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2008

	Nonmajor Special Revenue Funds				
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Public Education Recreation Levy	Total
REVENUES:					
Local sources:					
Local tax	\$ 199,932	0	153,768	0	353,700
Other	17,872	192,421	25,027	513	235,833
Total revenues	217,804	192,421	178,795	513	589,533
EXPENDITURES:					
Current:					
Instruction:					
Other instruction	0	204,165	0	0	204,165
Support services:					
Administration services	60,183	0	0	0	60,183
Operation and maintenance of plant services	60,739	0	0	0	60,739
Student transportation	17,338	0	0	0	17,338
Other expenditures:					
Facilities acquisitions	0	0	87,263	14,101	101,364
Total expenditures	138,260	204,165	87,263	14,101	443,789
Excess(deficiency) of revenues over(under) expenditures	79,544	(11,744)	91,532	(13,588)	145,744
Other financing sources(uses):					
Proceeds from the disposal of property	0	0	12,686	0	12,686
Transfer out	(1,170)	0	(29,214)	0	(30,384)
Total other financing sources(uses)	(1,170)	0	(16,528)	0	(17,698)
Excess(deficiency) of revenues and other financing sources over(under) expenditures and other financing uses	78,374	(11,744)	75,004	(13,588)	128,046
Fund balance beginning of year	52,389	35,433	138,220	16,018	242,060
Fund balance end of year	\$ 130,763	23,689	213,224	2,430	370,106

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance Change	Balance End of Year
Athletics:					
Secondary Track	\$ 0	240	0	(240)	0
General Athletics	(5,672)	32,699	36,194	219	(8,948)
Secondary Cross Country	0	12	0	0	12
District Football	254	0	0	0	254
Total Athletics	(5,418)	32,951	36,194	(21)	(8,682)
Clubs and Organizations:					
Annual	64	7,260	6,064	0	1,260
The Udder Choice	2,872	6,716	8,252	(274)	1,062
Concession Enterprises	286	15,564	11,492	(3,758)	600
Cross Country	102	480	462	0	120
Drama	3,317	1,981	2,096	0	3,202
F.H.A.	(828)	1,458	1,072	865	423
Football	3,082	2,273	2,452	(1,100)	1,803
FFA	(565)	1,805	1,467	274	47
Industrial Arts	3,382	0	0	(1,500)	1,882
Art Club	644	0	458	241	427
Letter Club	0	248	0	(248)	0
Magazine Sales	0	4,485	2,577	(1,908)	0
Boys Track Fundraising	134	0	1,167	1,100	67
Media Club	86	0	0	0	86
National Honor Society	459	890	200	0	1,149
Golf Fundraiser	50	0	0	0	50
Pow Wow	449	0	0	0	449
Rhythm Squad	1,631	7,567	7,142	0	2,056
Softball	127	1,692	927	(500)	392
Baseball Fundraising	2,047	3,542	2,407	0	3,182
Spanish Club	506	46,292	50,187	2,662	(727)
Student Council	(3,300)	0	0	0	(3,300)
Girls Track Fundraising	(765)	0	246	240	(771)
JEL	231	0	255	50	26
Wrestling Fundraising	1,210	546	907	104	953
Volleyball Fundraising	(999)	0	458	500	(957)
Wrestling Cheerleaders	368	1,475	1,679	0	164
Young Investors Club	161	566	887	200	40
Boys Basketball Fundraising	1,588	1,226	1,583	0	1,231
Girls Basketball Fundraising	733	745	516	0	962
Football Cheerleaders	1,786	1,750	2,475	0	1,061
Basketball Cheerleaders	537	325	74	0	788
Total Clubs and Organizations	19,395	108,886	107,502	(3,052)	17,727
Classes:					
Class of 2008	829	950	2,067	288	0
Class of 2009	1,988	0	1,487	(167)	334
Class of 2010	807	0	501	737	1,043
Class of 2011	169	0	0	714	883
Class of 2013	(287)	0	0	1,241	954
Class of 2014	523	0	487	954	990
Total Classes	4,029	950	4,542	3,767	4,204

VAN BUREN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance Change	Balance End of Year
Miscellaneous:					
Student Planners	103	0	0	(103)	0
Interest	929	804	144	(1,551)	38
Shop Projects	393	0	0	(393)	0
Teachers	(12,828)	11,203	14,552	1,453	(14,724)
Fines	61	0	0	0	61
Book Rent	0	2,445	2,445	0	0
Band	(2,030)	1,319	1,613	506	(1,818)
Chorus	407	1,505	1,442	(506)	(36)
Chorus/Band Fundraiser	8,083	22,207	16,654	0	13,636
Total Miscellaneous	(4,882)	39,483	36,850	(594)	(2,843)
Stockport Elementary:					
Stockport Elementary	7,240	1,393	5,348	0	3,285
Total Stockport Elementary	7,240	1,393	5,348	0	3,285
Douds Elementary:					
Douds Elementary	15,069	8,758	13,729	(100)	9,998
Total Douds Elementary	15,069	8,758	13,729	(100)	9,998
Grand Total	\$ 35,433	192,421	204,165	0	23,689

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST FOUR YEARS

Modified Accrual Basis				
Years Ended June 30,				
	2008	2007	2006	2005
Revenues:				
Local sources:				
Local tax	\$ 3,126,418	3,179,100	3,250,277	2,895,547
Tuition	222,799	166,372	211,770	176,192
Other	434,974	407,840	474,432	330,392
State sources	4,305,337	3,928,194	3,943,463	3,691,297
Federal sources	1,534,805	1,881,611	1,785,221	1,013,094
Total	\$ 9,624,333	9,563,117	9,665,163	8,106,522
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 3,340,406	2,858,666	2,809,494	3,056,021
Special instruction	1,056,026	973,391	988,857	1,175,624
Other instruction	982,738	1,047,846	1,059,783	716,290
Support services:				
Student services	421,877	418,812	253,214	134,840
Instructional staff services	327,129	560,370	333,161	142,072
Administration services	1,150,891	1,175,818	1,126,076	733,788
Operation and maintenance of plant services	693,692	618,791	635,398	501,670
Transportation services	612,371	700,995	686,920	545,555
Other support services	0	0	0	146,418
Non-instructional programs	5,320	647	1,907	28,950
Other expenditures:				
Facilities acquisitions	101,364	407,382	584,711	312,463
Long-term debt:				
Principal	215,000	210,000	195,000	190,000
Interest and other charges	58,967	71,435	79,935	88,998
AEA flow-through	257,558	245,305	242,151	231,945
Total	\$ 9,223,339	9,289,458	8,996,607	8,004,634

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
DIRECT:			
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
21ST CENTURY COMMUNITY LEARNING CENTERS	84.287	FY 08	\$ 209,950
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 08	31,114
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 08	117,587 *
			<u>148,701</u>
CHILD AND ADULT CARE FOOD PROGRAM	10.558	FY 08	<u>11,066</u>
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	6592-G	<u>144,669</u>
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - NATIONAL PROGRAMS	84.184L	FY 08	<u>924,714</u>
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 07	9,967
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 08	3,804
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE DATA GRANTS	84.186	FY 08	5,000
			<u>18,771</u>
INNOVATIVE EDUCATION PROGRAM STRATEGIES(TITLE V)	84.298	FY 08	<u>1,240</u>
ALTERNATIVE ASSESSMENT	84.326	FY 08	<u>175</u>
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAM	84.367	FY 08	<u>52,818</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VIA)	84.369	FY 08	<u>4,991</u>
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION - GRANTS TO STATES(PART B)	84.027	FY 08	<u>39,589</u>

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	EXPENDITURES
INDIRECT (CONTINUED):			
DEPARTMENT OF EDUCATION (CONTINUED):			
AREA EDUCATION AGENCY (CONTINUED):			
SPECIAL EDUCATION - GRANTS TO			
STATES (ALTERNATIVE ASSESSMENT)	84.027	FY 08	<u>175</u>
SPECIAL EDUCATION - GRANTS TO			
STATES (INSTRUCTIONAL DECISION MAKING)	84.027	FY 08	<u>9,214</u>
VOCATIONAL EDUCATION - BASIC			
GRANTS TO STATES	84.048	FY 07	216
VOCATIONAL EDUCATION - BASIC			
GRANTS TO STATES	84.048	FY 08	<u>13,504</u>
			<u>13,720</u>
ENHANCING EDUCATION THROUGH			
TECHNOLOGY	84.318	FY 08	<u>3,784</u>
DEPARTMENT OF HUMAN SERVICES:			
IOWA DEPARTMENT OF HUMAN SERVICES:			
DRUG-FREE COMMUNITIES SUPPORT PROGRAM	93.276	FY 07	2,283
DRUG-FREE COMMUNITIES SUPPORT PROGRAM	93.276	FY 08	<u>101,155</u>
			<u>103,438</u>
CHILD CARE DEVELOPMENT BLOCK GRANTS			
WRAP AROUND GRANT	93.575	FY 08	<u>15,000</u>
CHILD CARE MANDATORY AND MATCHING			
FUNDS OF THE CHILD CARE AND DEVELOPMENT			
FUND (DHS REIMBURSEMENTS)	93.596	FY 08	<u>18,232</u>
CORPORATION FOR NATIONAL AND COMMUNITY			
SERVICE:			
IOWA DEPARTMENT OF EDUCATION:			
LEARN AND SERVE AMERICA - SCHOOL AND			
COMMUNITY BASED PROGRAMS (COMSERV)	94.004	FY 07	<u>3,381</u>
TOTAL			<u>\$ 1,723,628</u>

* Includes \$16,914 of non-cash awards.

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Van Buren Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of the
Van Buren Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Van Buren Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 12, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Van Buren Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Van Buren Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Van Buren Community School District's internal control over financial reporting.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Van Buren Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Van Buren Community School District's financial statements that is more than inconsequential will not be prevented or detected by Van Buren Community School District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Van Buren Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-08 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Van Buren Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Van Buren Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Van Buren Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Van Buren Community School District and other parties to whom Van Buren Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Van Buren Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


NOLTE, CORNMAN & JOHNSON, P.C.

February 12, 2009

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3050
Telephone (641) 792-1910

Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education of
Van Buren Community School District

Compliance

We have audited the compliance of Van Buren Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Van Buren Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Van Buren Community School District's management. Our responsibility is to express an opinion on Van Buren Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Van Buren Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Van Buren Community School District's compliance with those requirements.

In our opinion, Van Buren Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Van Buren Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Van Buren Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Van Buren Community School District's internal control over compliance.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-08 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control. We consider the significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-08 to be a material weakness.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined above. However, as discussed above, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

Van Buren Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the District's responses, we did not audit Van Buren Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Van Buren Community School District and other parties to whom Van Buren Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.


NOLTE, CORNMAN & JOHNSON, P.C.

February 12, 2009

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over major programs was disclosed by the audit of the financial statements, including a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.184 - Safe and Drug-Free Schools and Communities - National Programs
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Van Buren Community School District did not qualify as a low-risk auditee.

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part II: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

II-A-08 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response - We will continue to review our procedures and implement additional controls where possible.

Conclusion - Response accepted.

II-B-08 Checks Outstanding - We noted during our audit that the District had checks included in the bank reconciliation which have been outstanding for over a year in the Student Activity Fund.

Recommendation - Per Chapter 556.1(10) and 556.11 of the Code of Iowa, the District is required to report unclaimed property to the State Treasurer annually before November 1st. The District should submit the outstanding checks to the State Treasurer as unclaimed property.

Response - We have notified the payees to determine status and will reissue if necessary.

Conclusion - Response accepted.

II-C-08 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The student activity fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8). Fundraisers and donations made to the school should be recorded in the fund in which they could be expended from. More specific examples of these instances are as follows:

There is a Teacher account. This account is not a student run organizations and should be run through the General Fund. The proceeds from pop sales are included here. The expenditures for pop exceed the revenues received.

There are Stockport and Douds Elementary accounts. These accounts were used to purchase instructional supplies during the year. Instructional supplies are not allowable expenditures in the Student Activity Fund and should be handled in the General Fund.

We noted revenues for picture commissions in the Elementary accounts. These revenues should be handled in the General Fund or used to offset the costs for the yearbook.

There are several inactive accounts. These accounts should be reviewed, closed and allocated to the other student activity accounts.

Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281-12.6(1). The District should review the propriety of receipts and expenditures that are recorded in the Student Activity Fund. It would appear that some of the accounts appear to be more administratively maintained in nature, rather than maintained by a club or organization. Therefore, they need to be corrected or transferred to the proper fund where these monies can be receipted and expended.

Response - We are reviewing procedures and making necessary changes to rectify the situation.

Conclusion - Response accepted.

II-D-08 Payroll Procedures - We noted during our audit that the District is not keeping track of hours worked for coaches who are non-certified staff.

Recommendation - In an effort to comply with the Department of Labor requirements on wage per hour contracts, the District should keep track of the hours worked for non-certified staff coaches. The District should also review its payroll procedures to ensure that supporting documentation is kept for all employees who receive checks.

Response - We have notified and trained non-certified coaches to complete timesheets to comply with the Department of Labor's wage an hour requirements. We are now in compliance for FY2009.

Conclusion - Response accepted.

II-E-08 Photo Image Checks - We noted during our audit that District receives their checks from the bank as photo images showing only the front of the checks. Chapter 544D.114 of the Code of Iowa requires both the front and back of check images to be retained.

Recommendation - The District should contact the bank to rectify the situation. The District should receive the photo images showing both the front and back of the checks or the original issued check.

Response - We have notified our new bank to supply us the photo image, back and front of each check. We are now in compliance for FY2009.

Conclusion - Response accepted.

- II-F-08 Supporting Documents for Payments to Officials - Payments made to officials from the Student Activity fund do not have supporting documentation. In addition, the District paid officials the night of the event.

Pursuant to a valid contractual agreement between the school board and the officials, which includes terms and conditions for payment and compliance with Chapters 279.29 and 279.30 of the Code of Iowa, officials could be paid the night of the game, after the service has been rendered. For non-contract officials or substitute officials, payment should be made after services have been rendered and audited and allowed similar to other vendor payments. The District should have a policy and officials should be informed that payment will be made in this manner unless a valid contract exists.

Recommendation - The copy of the contract made for each official should be used as the support document for payment. In absence of a valid contract, officials should be paid after the event. The documentation necessary to pay for non-contract individuals should be identified and retained.

Response - We have developed a form for each official to complete and sign after each officiated event. This form will be retained with the check stub. We are now in compliance for FY2009.

Conclusion - Response acknowledged. A copy of the contract made for each official should be used as support for payment.

- II-G-08 Reconciliation of Advertisements - We noted during our audit that the District sells yearbook advertisements. However, there is not a reconciliation of sponsor payments to the actual published advertisements in the yearbook.

Recommendation - The District should implement procedures to reconcile sponsor payments to advertisements for the yearbook prior to publishing the yearbook. In addition, the yearbook advisor should turn the reconciliation into the central office for review and verification by central office staff. The reconciliation should be available at the time of audit.

Response - We will review procedures and make changes to rectify the situation.

Conclusion - Response accepted.

- II-H-08 Authorized Check Signatures - We noted in our disbursement test for the Student Activity Fund one checks had two signatures; however, the board secretary did not sign this check.

Recommendation - The Board President and Board Secretary are to sign all checks written by the District to be in compliance with Chapter 291.1 of the Code of Iowa.

Response - We will review procedures and make changes to rectify the situation.

Conclusion - Response accepted.

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

CFDA Number 84.184: Safe and Drug-Free Schools and Communities - National Programs
Federal Award Year: 2008
U.S. Department of Education
Passed through the Iowa Department of Education

III-A-08 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will continue to review our procedures and implement additional controls where possible.

Conclusion - Response accepted.

VAN BUREN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-08 Certified Budget - District disbursements for the year ended June 30, 2008, did not exceed the amount budgeted.

IV-B-08 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-08 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-08 Business Transactions - No business transactions between the District and District officials were noted.

IV-E-08 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-08 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-08 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-H-08 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-I-08 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.

IV-J-08 Financial Condition - The District had several accounts in the Special Revenue, Student Activity Fund with deficit balances at June 30, 2008.

Recommendation - The District should continue to monitor this fund and investigate alternatives to eliminate the deficits accounts. The District should review purchase approval procedures for the Student Activity Fund and may wish to require additional approval before ordering goods or services from these accounts.

Response - We will monitor this fund and investigate any available options to eliminate these deficits accounts.

Conclusion - Response accepted.